

**BEFORE THE PUBLIC SERVICE COMMISSION**  
**OF THE STATE OF DELAWARE**

IN THE MATTER OF TIDEWATER UTILITIES, INC.    )  
FOR THE APPROVAL OF THE SEMI-ANNUAL        )  
ADJUSTMENT TO THE DISTRIBUTION SYSTEM        )  
IMPROVEMENT CHARGE (DSIC) PURSUANT TO        ) DOCKET NO. 18-1219  
26 DEL. C. § 314(b)(5)                        )  
(FILED NOVEMBER 26, 2018)                     )

**ORDER NO. 9310**

This 20<sup>th</sup> day of December 2018, the Delaware Public Service Commission (the "Commission") determines and orders the following:

**WHEREAS**, on November 26, 2018, Tidewater Utilities, Inc. ("Tidewater") filed an application ("Application") to increase its Distribution System Improvement Charge ("DSIC Rate")<sup>1</sup> pursuant to 26 Del. C. § 314; and

**WHEREAS**, Tidewater seeks to increase its DSIC Rate from 1.24% to 1.72% with an effective date of January 1, 2019. This increase is not based on any new net additional plant or associated semi-annual expense. Rather, the increase is based upon changes to Tidewater's DSIC Rate calculation (the "Calculation"). The Calculation replaces the over-collection adjustment that resulted from use of an incorrect pre-tax rate of return during the period January 1, 2017 through December 31, 2017, and was refunded to customers (the "First Refund") as part of Tidewater's current DSIC Rate. The First Refund is now being replaced by an over-collection adjustment (the "Second Refund") resulting from use of an incorrect pre-tax rate of return during the period January 1, 2018 through June 30, 2018, along with Tidewater's regulatory liability

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<sup>1</sup> The DSIC Rate mechanism is described in greater detail in PSC Order No. 5850, dated December 11, 2001.

from February through June 2018 due to the Tax Cuts and Jobs Act of 2017. The Calculation also adjusts Tidewater's semi-annual projected revenues to better align with current projections; and

**WHEREAS**, the increase in the DSIC Rate is expected to increase an average Residential customer's bill by approximately \$0.93 per quarter as compared to rates currently in effect; and

**WHEREAS**, Staff reviewed the Application and supporting documents and submitted a memorandum reporting that Tidewater's requested DSIC Rate of 1.72% is less than a 5% increase in current rates and, therefore, satisfies the requirements of 26 Del. C. § 314(b)(7); and

**WHEREAS**, Staff recommends that the Commission permit this DSIC Rate to become effective January 1, 2019, provided this DSIC Rate shall remain subject to Staff's review, audit, and an annual reconciliation based upon the 12-month period ending December 31, 2019 (the "Audit");

**NOW, THEREFORE, IT IS HEREBY ORDERED BY THE AFFIRMATIVE  
VOTE OF NOT FEWER THAN THREE COMMISSIONERS:**

1. Pursuant to 26 Del. C. § 314, the requested DSIC Rate of 1.72% shall become effective January 1, 2019, subject to the Audit.

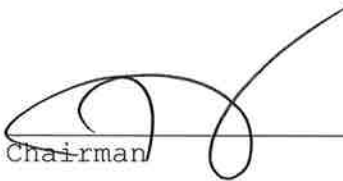
2. In accordance with 26 Del. C. § 314(b)(1), Tidewater shall provide information to its customers concerning the requested DSIC Rate.

3. Under 26 Del. C. § 314(b)(8), the Commission reserves jurisdiction and authority to conduct the Audit. Tidewater is hereby notified that it may be obligated to refund or reimburse customers if the Audit reflects that the requested DSIC Rate was improperly calculated. The Commission can revise the requested DSIC Rate and provide appropriate remedies for any improperly collected DSIC charges.

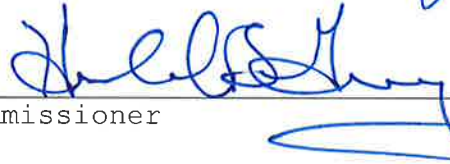
4. Tidewater is hereby notified that it will be assessed the costs of this proceeding pursuant to 26 Del. C. § 114(b).

5. The Commission reserves the jurisdiction and authority to enter such further orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

  
Chairman


  
Commissioner

  
Commissioner

  
Commissioner

  
Commissioner

ATTEST:

  
Secretary

